

# The ultimate guide to tackling travel leakage



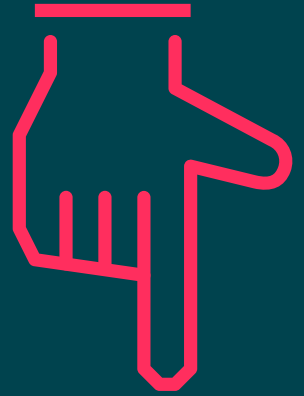
# What is travel leakage?

**Any travel bookings made outside a company's travel management company (TMC) or their online booking tools (OBT) are often referred to in the industry as travel leakage. Leakage is one of the biggest threats to corporate travel program performance.**



Nearly all travel program managers will have seen travel leakage before. With so many options for booking travel, it's easy for bookers to stray from a company's preferred booking process. Examples might be jumping on a cheap deal on websites such as Skyscanner or Kayak or dodging approval processes and travel policy limits (thinking they can expense the trip on their return without being questioned).

# Travel leakage can have a big impact



**While businesses accept travel leakage as a minor annoyance, there are five key areas where they significantly affect the corporate travel program.**

## 1. Less visibility on travel expenses

For forecasting and budget management, it is far easier to maintain control with accurate and up-to-date data. Effective booking systems have your corporate travel policy integrated so you can set spend limits for each type of travel. If employees are booking elsewhere, this level of control is lost.

When employees stray from booking processes, consolidating data and identifying ways to improve your travel program becomes impossible. Travel leakage is often invisible until travellers submit their expenses after a trip, potentially throwing the budget off track. Plus, the available data will lack insight into booking patterns and identifying missed savings.

## 2. Less negotiation power

Travel leakage impacts the ability to negotiate special rates with preferred hotel or airline suppliers. The more knowledge you have of your travel routes and hotel nights, the more power you have to demonstrate loyalty and negotiate with suppliers.

Bookers often think they are doing the best for their company by finding a cheap deal, but the knock-on effects on your travel program can be significant,

especially if travel leakage is widespread. Without a true snapshot of your travel program, you won't be able to take advantage of enhanced buying power.

This approach can add up significantly over the long term. It will also be difficult to confirm agreed-upon volume agreements with your preferred suppliers, and future discounts may not be as generous.

## 3. More time-consuming work

Let's face it: bookings made via alternative channels can cost more in lost time. Scanning for the best deal online can take longer than you think when compared to using a travel consultant or an OBT.

A properly managed travel program will deliver accurate, consolidated data, while unmanaged bookings mean wasted time chasing travellers for itineraries and processing many receipts. Don't forget the time spent filling out expense reports for each part of the journey.

## 4. Less specialised support

Working with a TMC means help is only a quick email or phone call away with direct access to a real travel expert. Travellers who self-book often find it difficult to get in touch for travel advice or if their plans change.

Don't squander hours of company time trying to come up with a solution or on hold with call centres. It's also crucial to watch out for change fees or the cost of rebooking the whole trip again if a flexible rate is not booked.

## 5. Higher traveller risk

One of the biggest impacts of travel leakage is the risk to traveller health and safety. Businesses have a duty of care to their employees any time they are travelling on business. During a crisis, it's vital to have traveller visibility and location information

so you can quickly see if they are impacted. If you don't know where they're staying, or when they'll be back, it can be difficult to effectively support them in an emergency.





# Travel leakage explained



Travel leakage isn't solved by a single, quick fix. First, work out what bookings are being made out-of-policy and whether it affects your whole travel program or just a particular travel type. It probably won't show up in your travel management information, but you can compare managed vs. unmanaged travel spend.

Having this information also helps you to identify repeat offenders so you can learn the reasons why travel leakage is happening in the first place. Once you have determined what, who, and why, there are plenty of options to better manage booking behaviour and improve the success of your travel program.

## Talk to the right people

Enhancing understanding through education is a good way to encourage shifts in travel behaviour. You'll need to get bookers on board and secure their buy-in to successfully change your travel program. The best place to start is with education on your travel policy and emphasise that your policy is designed to support them, not to hinder them.

### Focus on these key points:

- Point out the benefits of compliance for travellers, such as preferred partner perks, as well as the long-term rewards at a company level.
- Make them aware of the potential risks to traveller safety and wellbeing associated with booking out-of-policy.
- Run a company-wide training program or focussed sessions (depending on the amount of travel leakage) for those who frequently stray from the travel policy.

**Don't forget to include new recruits in the education to make sure they know the policy and know who to reach out to for support or advice.**

## Stick to the process

Now that you've brought your travel bookers up to speed on what's expected of them, you need to check for policy compliance. Typically, bookers don't set out to break the rules, but it's generally because they didn't fully understand the policy or the correct booking channels.

It's important to explain how travel leakage will be handled. If you still have bookings being made outside your preferred channel, make sure you stick to the process and take action.

This may sound radical at first, but a travel policy should be taken seriously like any other company process. Would you allow an employee to buy and expense a new laptop without prior approval? Or take annual leave without discussing it with their manager first? The potential risks associated with travel leakage are quite high, so making sure you have the necessary measures in place is essential for any organisation.

## Showcase successful results

The best way to gently promote compliance with your travel policy is by showing the results to your travel bookers. It's worth getting them involved. To demonstrate, try taking bookers through an overview of your travel patterns, savings, missed savings, and return on investment. Travel bookers who are engaged in the program often turn into invaluable internal champions who promote the benefits of compliance among their colleagues.

Tackling travel leakage is not something that can be done overnight. There are plenty of approaches to consider, and it will take time to identify the best strategy for your travel program and company culture. Once you have a streamlined booking process and bookers are familiar with the policy, making compliant bookings will become second nature, and travel leakage will be less of a headache.



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